

## **SETTLEMENT AGREEMENT**

**This Settlement Agreement is made and entered into effective the 9th day of April, 2007, by and between Stephen A. Candelora, a doctor of medical dentistry licensed to practice in the State of Delaware, on the one hand, and the Department of Justice on behalf of the United States of America and the Drug Enforcement Administration (“DEA”) (collectively, the “United States”), on the other hand, to settle civil claims asserted by the United States under 21 U.S.C. sections 841 and 843 (collectively, “the statutes”).**

### **PREAMBLE**

**1. This settlement resolves civil claims under the statutes.**

**2. The United States asserts the following: During approximately June 14, 2002 through approximately March 23, 2004, Candelora improperly wrote and subsequently had filled controlled substance prescriptions. In so doing, Candelora used a DEA controlled substance registration that he had voluntarily surrendered for cause in November 2000. During a portion of this time period, Candelora also was not registered in the State of Delaware to handle controlled substances. In 2003, during negotiations with the DEA to obtain a DEA registration, Candelora incorrectly represented to the DEA that he had been, was, and would continue to be in compliance with all applicable laws and regulations, resulting in DEA and the State of Delaware granting him controlled substance registrations.**

**3. The United States and Candelora desire to reach a compromise and settlement of the claims by the United States under the statutes, as described in Paragraph 2 above. Accordingly, in consideration of the mutual promises, covenants, and obligations set forth in this Settlement Agreement, and for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged under the terms of this Settlement Agreement, the parties agree as follows:**

### **TERMS OF AGREEMENT**

#### **A. Monetary Consideration.**

**1. Payments:** Candelora will pay a total of \$115,000.00 to resolve all claims of damages and penalties arising from the conduct described above on or before April 15, 2007.

**2. Form of Payment:** The payment will be made by electronic funds transfer pursuant to instructions provided to Candelora’s counsel by the U.S. Attorney’s Office, 615 Chestnut Street, suite 1250, Philadelphia, PA 19106.

**B. Release.**

1. **Government's Release:** Subject to the terms of this Settlement Agreement, and conditioned upon Candelora completing in full the payment as described in Paragraph A above, the United States (on behalf of itself, its officers, agents, agencies and departments) agrees to release Candelora from any and all civil or administrative monetary claims and causes of action the United States has asserted, could have asserted, or may assert in the future under the statutes and common law theories of fraud for the events and occurrences described in Preamble paragraph 1, above.

2. **Tax Liability:** The United States does not release Candelora from any claims arising under Title 26 of the U.S. Code (Internal Revenue Code).

3. **Debarment:** The United States does not release Candelora or any entity in which Candelora has a controlling interest from administrative liability under statute, contract or regulation, including exclusion, suspension or debarment.

4. **Product and Service Liability:** The United States does not release Candelora from any liability for the delivery of any deficient or defective products or services, or from liability under any express or implied product or service liability warranties, or for the failure to deliver items or services due.

5. **Candelora's Release:** Candelora fully and finally releases the United States, its agencies, employees, servants, and agents (including but not limited to the United States Drug Enforcement Administration) from any claims (including attorney's fees, costs, and expenses of every kind and however denominated) which Candelora has asserted, could have asserted, or may assert in future against the United States, its agencies, employees, servants, and agents, related to the events and occurrences described in Preamble paragraph 1, above, and the United States' investigation and prosecution thereof.

**D. Bankruptcy.**

Candelora expressly agrees that for purposes of any subsequent proceedings in bankruptcy his liability under this settlement arose as the result of fraud and his liability under this Settlement Agreement is not dischargeable under the Bankruptcy Code. The parties agree that the United States' claim in any bankruptcy proceeding will be for the full amount of the United States' claim, including but not limited to single damages of \$115,000, plus penalties, treble damages, and interest as required and/or allowed by law. In the event of any filing for protection under bankruptcy, liquidation, receivership or other insolvency law, Candelora agrees not to contest or oppose any motion filed by the United States seeking relief from the automatic

stay imposed by 11 U.S.C. section 362(a), or to seek relief under 11 U.S.C. section 105 to enjoin or restrain the United States from recovering monies owed arising out of this Settlement Agreement or through offset. Candelora recognizes that this express waiver is in consideration for the final settlement of the claims addressed herein. The parties further agree that, in the event of default or bankruptcy, the United States is entitled to declare this Settlement Agreement void and to pursue the full amount of its claim.

**E. Costs.**

The parties agree that all costs (as defined in the Federal Acquisition Regulations (“FAR”) 31.205-47, and as defined in Chapter 5 of the United States Postal Service Purchasing Manual) incurred by or on behalf of Candelora in connection with (1) the matters covered by this Settlement Agreement, (2) the government’s investigation of the matters covered by this Settlement Agreement, (3) Candelora’s investigation, defense, and corrective actions, (4) the negotiation of this Settlement Agreement, and (5) the payments made to the United States pursuant to this Settlement Agreement shall be unallowable costs for government contracting purposes. If any cost report is filed, these amounts shall be separately accounted for by cost reports, cost statements or information reports. Nothing in this Settlement Agreement shall constitute a waiver of the rights of the United States or any fiscal intermediary or contractor to examine or reexamine the unallowable costs described in this paragraph.

**F. Disclosure.**

All parties understand and agree that the United States may disclose to the public the fact that this Settlement Agreement resolves disputed claims, and the contents of the Settlement Agreement.

**G. No Duress.**

Candelora represents that this Settlement Agreement is freely and voluntarily entered into without any degree of duress or compulsion whatsoever, and that he has had the benefit of an attorney’s representation and advice before entering into this agreement.

**H. No Admission.**

**This Settlement Agreement shall not constitute an admission of liability or fault on the part of any party and is entered into by all parties for the purpose of compromising disputed claims and avoiding the expenses and risks of litigation**

**I. Binding on Successors.**

**This Settlement Agreement is binding on each of Candelora's successors, transferees, heirs and assigns.**

**Date:**

**UNITED STATES OF AMERICA  
PATRICK L. MEEHAN  
United States Attorney**

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**VIRGINIA A. GIBSON  
Assistant United States Attorney  
Chief, Civil Division**

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**VIVECA D. PARKER  
Assistant United States Attorney**

**Date:**

**STEPHEN A. CANDELORA**

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**Reviewed and approved:**

**Date:**

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**Victor Battaglia, Sr., Esquire  
Attorney for Stephen A. Candelora**

